



**Health Services**  
LOS ANGELES COUNTY

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Board of Supervisors**

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Interim Director

**Gail V. Anderson, Jr., M.D.**  
Interim Chief Medical Officer

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

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December 7, 2010

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO TWO DELINQUENT ACCOUNT  
COLLECTION SERVICES AGREEMENTS  
(ALL SUPERVISORIAL DISTRICTS)  
(4 VOTES)**

**SUBJECT**

Request approval to extend the term of Delinquent Account Collection Services agreements with USCB, Inc. for the Department of Health Services and Linebarger Goggan Blair & Sampson, LLP for the Treasurer and Tax Collector.

**JOINT RECOMMENDATION WITH THE TREASURER AND TAX  
COLLECTOR THAT YOUR BOARD:**

1. Authorize the Interim Director of Health Services (Interim Director), or his designee, to execute Amendment No. 2 to Agreement No. H-703023 with USCB, Inc., effective upon Board approval, to reduce the contingency fee rate and extend the Agreement for the period January 1, 2011 through December 31, 2011 for the continued provision of Delinquent Account Collection Services (DACS) pending the completion of a joint competitive solicitation with the Treasurer and Tax Collector (TTC).
2. Authorize the TTC, or his designee, to execute Amendment No. 2 to Agreement No. 75490 with Linebarger Goggan Blair & Sampson, LLP (Linebarger) to extend the term of the Agreement for the period June 20, 2011 through December 31, 2011 for the continued provision of DACS pending the completion of a joint competitive solicitation with Department of Health Services (DHS).
3. Authorize the TTC, or his designee, to allow Linebarger to negotiate compromise settlements within the parameters set forth in the Agreement in order to facilitate collection efforts.

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#19 DECEMBER 7, 2010

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

In accordance with County Code provisions, TTC and DHS each have delegated authority to provide collection services. TTC provides centralized collection services for delinquent accounts receivable to all County departments, with the exception of departments that have distinct ordinance authority to collect on delinquent accounts such as DHS and the Probation Department. DHS has delegated authority to provide collection services for delinquent accounts receivable arising from the provision of medical care in County health facilities.

DHS and TTC currently contract for DACS under separate agreements for each department. DHS and TTC are currently collaborating on a joint Request for Proposals (RFP) for DACS, which will maximize proposal submissions and provide for a broader range of competitive commission rates, thereby enhancing revenue collection efforts. The extensions are necessary to coordinate the Agreement expiration dates in order to complete the joint RFP process and recommend successor agreement(s) for your Board's approval. TTC and DHS are committed to developing and releasing a joint RFP during the first quarter of 2011 and anticipate successor contract(s) will be presented for your Board's approval in the third quarter of 2011.

Approval of the first recommendation will allow the Interim Director to execute an Amendment, substantially similar to Exhibit I, with USCB for the continued provision of DACS for self-pay and self-pay residual patient accounts from DHS facilities. The Agreement with USCB expires December 31, 2010.

Approval of the second recommendation will allow the TTC to execute the attached Amendment No. 2, substantially similar to Exhibit II, with Linebarger for the continued provision of DACS to supplement TTC's collection efforts on a variety of accounts referred from other County departments. This collection activity constitutes a secondary collection effort, as the collection activities of the referring department constitute the primary collection effort. In addition, TTC provides tertiary collection services for DHS after their secondary collection efforts have been completed. The Agreement with Linebarger expires June 19, 2011.

Approval of the third recommendation will allow TTC's contractor, Linebarger, to negotiate compromise settlements within the parameters set forth in the Agreement in order to facilitate collection efforts. In general, the parameters allow for the debt to be compromised based on several factors including, but not limited to, the amount of the debt, the age of the debt, and the debtor's documented ability to pay the debt either immediately or over a multi-year period, or some combination thereof.

California Government Code Section 26220 requires a four-fifths vote of your Board in order to assign delinquent County accounts to a collection agency and Section 31000 allows your Board to contract for these services.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goals 1 and 4, Operational Effectiveness and Health and Mental Health, respectively, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

#### **DHS**

The estimated net revenue collection for the extended term of January 1, 2011 through December 31, 2011 is \$9.764 million.

Revenue is included in the DHS' Fiscal Year (FY) 2010-11 Final Budget and will be adjusted in future fiscal years, if needed.

#### **TTC**

The estimated net revenue collection for the extended term of June 20, 2011 through December 31, 2011 is \$1 million.

In light of the recommended six-month extension for Linebarger, which is less than one year, and consistent with the June 16, 2009 Board motion seeking contract reductions through annual extensions in lieu of re-solicitations, TTC did not pursue a reduction in contingency fee rates.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The County has contracted with private collection agencies for DACS since 1979 to supplement the in-house collection efforts of the original Department of Collections which subsequently was merged into TTC in 1984. After the merger, TTC continued to provide in-house collection activities for various types of delinquent County accounts, as well as contracting for supplemental DACS.

Your Board, through County Code 2.52.040, authorized the TTC to accept offers of settlement in lieu of payment in full. While this collection tool has proved to be effective, the negotiations that often lead to an acceptable offer involve discretionary powers that may only be delegated to a county officer. The TTC has developed objective guidelines for collection agencies to use to negotiate compromise settlements, which have been so narrowly tailored as to be ministerial in nature. County Counsel has concluded that your

Board may authorize Linebarger to negotiate offers of settlement within these parameters.

#### DHS

In February 2001, following a competitive solicitation conducted by TTC, the County contracted with USCB for provision of DACS for TTC account referrals. DHS referred accounts to USCB through TTC. On May 15, 2001, your Board approved a sole source agreement with USCB for the DHS accounts. Subsequently, your Board approved a replacement agreement and amendments extending the term of the Agreement through December 31, 2010.

Based on actual collections for Fiscal Year (FY) 2009-10 under the current agreement, USCB generated approximately \$11.908 million in gross revenues, at a contingency fee rate of 18 percent on inpatient accounts, 20 percent on outpatient accounts, and 24 percent on Comprehensive Health Centers/Health Centers accounts. In FY 2009-10, approximately \$2.215 million was deducted for fees. In exchange for a term extension of one year, USCB has agreed to lower its contingency fees to 18 percent on all DHS accounts. It is anticipated that the lower contingency fee rate will result in fees of approximately \$2.143 million to USCB, a savings of \$0.072 million over the current agreement.

#### TTC

On December 20, 2005, your Board approved a contract with Linebarger effective on December 20, 2005 through June 19, 2011 as a result of an RFP. On February 10, 2009, your Board approved an Amendment to the Contract to provide tertiary collection services for DHS.

TTC's contracted contingency fee rate for the secondary collection services provided by Linebarger is 25 percent. The contingency fee rate for tertiary collections, i.e., outstanding debt having undergone a previous collection effort through DHS' contracted collection agency, is 40 percent.

In addition to extending the term of these Agreements, the recommended amendments include the recently adopted Defaulted Property Tax Reduction Program provision and contain provisions whereby the County may terminate the Agreements for convenience upon prior written notice.

DHS and TTC have determined that the provisions for the Living Wage Program (County Code Chapter 2.201) do not apply to these Agreements, since the services are provided on an as-needed basis. Account referrals made to each contractor fluctuate, and there are no referral guarantees made by the County.

County Counsel has approved Exhibits I and II as to form.

**CONTRACTING PROCESS**

Not applicable.

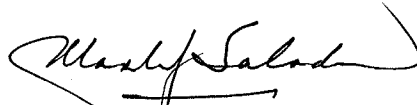
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no negative impact on current services. The recommended extensions will allow for the continuation of DACS during the joint re-solicitation process and will ensure that DACS will continue to maximize revenue recovery for the County.

Respectfully submitted,



John F. Schunhoff, Ph.D.  
Interim Director



Mark J. Saladino  
Treasurer and Tax Collector

JFS:skd

MJS:evt

Enclosures (2)

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

DELINQUENT ACCOUNT COLLECTION SERVICES AGREEMENT

AMENDMENT NO. 2

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2011,

by and between

COUNTY OF LOS ANGELES  
(hereafter "County"),

and

USCB, INC.  
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "AGREEMENT  
FOR DELINQUENT ACCOUNT COLLECTION SERVICES", dated January 1, 2008,  
and further identified as County Agreement No. H-703023, and any amendments  
thereto (all hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term of the  
Agreement; and

WHEREAS, said Agreement provides that changes may be made in the form of  
a written amendment which is formally approved and executed by both parties.

NOW THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective upon the date of its approval by the  
County's Board of Supervisors ("Board").

2. Subject to the termination provisions of the Agreement, this Agreement shall  
continue in full force and effect to and including December 31, 2011.

3. Agreement Paragraph 1. TERM, shall be revised as follows:

“1. TERM: The term of this Agreement shall commence on date of approval by the Board, and shall continue, in full force and effect, to December 31, 2011.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice to the other party. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the giving of at least a thirty (30) calendar days advance written notice to Contractor. County's notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents, or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time.”

4. Agreement Paragraph 15, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added as follows:

“15. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Contractor acknowledges that County has established a goal of ensuring that all individuals

and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers. Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this Agreement will maintain compliance, with Los Angeles Code Chapter 2.206. ”

5. Agreement Paragraph 16, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added as follows:

“16. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY’S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 15 - Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.”

6. Additional Provisions, Paragraph 47, CONTRACTOR’S OBLIGATIONS AS A BUSINESS ASSOCIATE UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA), shall be deleted in its entirety and replaced



as follows:

“47. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA) AND THE HEALTH INFORMATION TECHNOLOGY FOR ECONOMIC AND CLINICAL HEALTH ACT (HITECH): The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH). Under this Agreement, the Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined in Exhibit B in order to provide those services. The County and the Contractor therefore agree to the terms of Exhibit B, Contractor’s Obligations as a “Business Associate” Under Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Health Information Technology for Economic and Clinical Health Act (HITECH) (Business Associate Agreement).”

7. Except for the changes set forth herein above, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, Contractor has caused this Amendment to be duly executed in its behalf by its duly authorized officer and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment to be executed on its behalf by the Director of Health Services thereof, the day and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
John F. Schunhoff, Ph.D.  
Interim Director

\_\_\_\_\_  
USCB, INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_

APPROVED AS TO FORM  
Andrea Ordin, County Counsel

**AGREEMENT  
CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE"  
UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY  
ACT OF 1996 AND THE HEALTH CARE INFORMATION TECHNOLOGY  
FOR ECONOMIC AND CLINICAL HEALTH ACT  
(BUSINESS ASSOCIATE AGREEMENT)**

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to or creates Protected Health Information in order to provide those Services.

Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164 (together, the "Privacy and Security Regulations"). The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate ("Business Associate Agreement") in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Further, pursuant to the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("HITECH Act"), effective February 17, 2010, certain provisions of the HIPAA Privacy and Security Regulations apply to Business Associates in the same manner as they apply to Covered Entity and such provisions must be incorporated into the Business Associate Agreement.

This Business Associate Agreement and the following provisions are intended to protect the privacy and provide for the security of Protected Health Information disclosed to or used by Business Associate in compliance with HIPAA's Privacy and Security Regulations and the HITECH Act, as they now exist or may hereafter be amended.

Therefore, the parties agree as follows:

**DEFINITIONS**

- 1.1 "Breach" has the same meaning as the term "breach" in 45 C.F.R. § 164.402.

- 1.2 “Disclose” and “Disclosure” mean, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate’s internal operations or to other than its employees.
- 1.3 “Electronic Health Record” has the same meaning as the term “electronic health record” in the HITECH Act, 42 U.S.C. section 17921. Electronic Health Record means an electronic record of health-related information on an individual that is created, gathered, managed, and consulted by authorized health care clinicians and staff.
- 1.4 “Electronic Media” has the same meaning as the term “electronic media” in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission. The term “Electronic Media” draws no distinction between internal and external data, at rest (that is, in storage) as well as during transmission.
- 1.5 “Electronic Protected Health Information” has the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.
- 1.6 “Individual” means the person who is the subject of Protected Health Information and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.7 “Minimum Necessary” refers to the minimum necessary standard in 45 C.F.R. § 162.502 (b) as in effect or as amended.
- 1.8 “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164, also referred to as the Privacy Regulations.

- 1.9 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information that (i) relates to the past, present or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.
- 1.10 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.11 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.12 "Security Rule" means the Security Standards for the Protection of Electronic Health Information also referred to as the Security Regulations at 45 Code of Federal Regulations (C.F.R.) Part 160 and 164.
- 1.13 "Services" has the same meaning as in the body of this Agreement.
- 1.14 "Unsecured Protected Health Information" has the same meaning as the term "unsecured protected health information" in 45 C.F.R. § 164.402.

- 1.15 “Use” or “Uses” mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate’s internal operations.
- 1.16 Terms used, but not otherwise defined in this Business Associate Agreement shall have the same meaning as those terms in the HIPAA Regulations and HITECH Act.

## **OBLIGATIONS OF BUSINESS ASSOCIATE**

### **2.1 Permitted Uses and Disclosures of Protected Health Information.** Business Associate:

- (a) shall Use and Disclose Protected Health Information only as necessary to perform the Services, and as provided in Sections 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 4.3 and 5.2 of this Agreement;
- (b) shall Disclose Protected Health Information to Covered Entity upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
  - (i) Use Protected Health Information; and
  - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose or in any manner that would constitute a violation of the Privacy Regulations or the HITECH Act if so Used or Disclosed by Covered Entity.

### **2.2 Prohibited Uses and Disclosures of Protected Health Information.** Business Associate:

- (a) shall not Use or Disclose Protected Health Information for fundraising or marketing purposes.
- (b) shall not disclose Protected Health Information to a health plan for payment or health care operations purposes if the Individual has requested this special restriction and has paid out of pocket in full for the health care item or service to which the Protected Health Information solely relates.

- (c) shall not directly or indirectly receive payment in exchange for Protected Health Information, except with the prior written consent of Covered Entity and as permitted by the HITECH Act. This prohibition shall not effect payment by Covered Entity to Business Associate. Covered Entity shall not provide such written consent except upon express approval of the departmental privacy officer and only to the extent permitted by law, including HIPAA and the HITECH Act.

2.3 Adequate Safeguards for Protected Health Information. Business Associate:

- (a) shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Business Associate Agreement. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the Minimum Necessary in accordance with the Privacy Regulation's minimum necessary standard as in effect or as amended.
- (b) as to Electronic Protected Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information; effective February 17, 2010, said safeguards shall be in accordance with 45 C.F.R. Sections 164.308, 164.310, and 164.312, and shall comply with the Security Rule's policies and procedure and documentation requirements.

2.4 Reporting Non-Permitted Use or Disclosure and Security Incidents and Breaches of Unsecured Protected Health Information. Business Associate

- (a) shall report to Covered Entity each Use or Disclosure of Protected Health Information that is made by Business Associate, its employees, representatives, Agents, subcontractors, or other parties under Business Associate's control with access to Protected Health Information but which is not specifically permitted by this Business Associate Agreement or otherwise required by law.
- (b) shall report to Covered Entity each Security Incident of which Business Associate becomes aware.
- (c) shall notify Covered Entity of each Breach by Business Associate, its employees, representatives, agents or subcontractors of Unsecured Protected Health Information that is known to Business Associate or, by exercising reasonable diligence, would have been known to Business Associate. Business Associate shall be deemed to have knowledge of a Breach of Unsecured Protected Health Information if

the Breach is known, or by exercising reasonable diligence would have been known, to any person, other than the person committing the Breach, who is an employee, officer, or other agent of the Business Associate as determined in accordance with the federal common law of agency.

2.4.1 Immediate Telephonic Report. Except as provided in Section 2.4.3, notification shall be made immediately upon discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident or Breach of Unsecured Protected Health Information by telephone call to [To Be Determined], telephone number 1(800) 711-5366.

2.4.2 Written Report. Except as provided in Section 2.4.3, the initial telephonic notification shall be followed by written notification made without unreasonable delay and in no event later than three (3) business days from the date of discovery of the non-permitted Use or Disclosure of Protected Health Information, Security Incident, or Breach by the Business Associate to the Chief Privacy Officer at:

Chief Privacy Officer  
Kenneth Hahn Hall of Administration  
500 West Temple Street  
Suite 525  
Los Angeles, California 90012  
HIPAA@auditor.lacounty.gov  
(213) 974-2166

- (a) The notification required by section 2.4 shall include, to the extent possible, the identification of each Individual whose Unsecured Protected Health Information has been, or is reasonably believed by the Business Associate to have been, accessed, acquired, Used, or Disclosed; and
- (b) The notification required by section 2.4 shall include, to the extent possible, all information required to provide notification to the Individual under 45 C.F.R. 164.404(c), including:
  - (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;



- (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
- (iii) Any other details necessary to conduct an assessment of whether there is a risk of harm to the Individual;
- (iv) Any steps Business Associate believes that the Individual could take to protect him or herself from potential harm resulting from the breach;
- (v) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to the Individual, and to protect against any further Breaches; and
- (vi) The name and contact information for the person most knowledgeable regarding the facts and circumstances of the Breach.

If Business Associate is not able to provide the information specified in section 2.3.2 (a) or (b) at the time of the notification required by section 2.4.2, Business Associate shall provide such information promptly thereafter as such information becomes available.

2.4.3 Request for Delay by Law Enforcement. Business Associate may delay the notification required by section 2.4 if a law enforcement official states to Business Associate that notification would impede a criminal investigation or cause damage to national security. If the law enforcement official's statement is in writing and specifies the time for which a delay is required, Business Associate shall delay notification, notice, or posting for the time period specified by the official; if the statement is made orally, Business Associate shall document the statement, including the identity of the official making the statement, and delay notification, notice, or posting temporarily and no longer than 30 days from the date of the oral statement, unless a written statement as described in paragraph (a) of this section is submitted during that time.

2.5 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate

of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Business Associate Agreement.

2.6 Breach Notification. Business Associate shall, to the extent Covered Entity determines that there has been a Breach of Unsecured Protected Health Information, provide Breach notification for each and every Breach of Unsecured Protected Health Information by Business Associate, its employees, representatives, agents or subcontractors, in a manner that permits Covered Entity to comply with its obligations under Subpart D, Notification in the Case of Breach of Unsecured PHI, of the Privacy and Security Regulations, including:

- (a) Notifying each Individual whose Unsecured Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, Used, or Disclosed as a result of such Breach;
- (b) The notification required by paragraph (a) of this Section 2.6 shall include, to the extent possible:
  - (i) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;
  - (ii) A description of the types of Unsecured Protected Health Information that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);
  - (iii) Any steps the Individual should take to protect him or herself from potential harm resulting from the Breach;
  - (iv) A brief description of what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches; and
  - (v) Contact procedures for Individual(s) to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.
  - (vi) The notification required by paragraph (a) of this section shall be written in plain language.

Covered Entity, in its sole discretion, may elect to provide the notification required by this Section 2.6, and Business Associate shall reimburse Covered Entity any and all costs incurred by Covered Entity, including costs of notification, internet posting, or media publication, as a result of Business Associate's Breach of Unsecured Protected Health Information.

- 2.7 Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.
- 2.8 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.
- 2.9 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.10 Accounting of Disclosures. Upon Covered Entity's request, Business Associate shall provide to Covered Entity an accounting of each Disclosure of Protected Health Information made by Business Associate or its employees, agents, representatives or subcontractors, in order to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance

with 45 C.F.R. § 164.528 and/or the HITECH Act which requires an Accounting of Disclosures of Protected Health Information maintained in an Electronic Health Record for treatment, payment, and health care operations.

*[Optional, to be used when all Uses and Disclosures permitted in order to perform the Services will be for the Covered Entity's payment or health care operations activities: However, Business Associate is not required to provide an Accounting of Disclosures that are necessary to perform the Services because such Disclosures are for either payment or health care operations purposes, or both.]*

Any accounting provided by Business Associate under this Section 2.10 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Section 2.10, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Section 2.10 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act.

- 2.11 Indemnification. Business Associate shall indemnify, defend, and hold harmless Covered Entity, including its elected and appointed officers, employees, and agents, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, penalties and fines (including regulatory penalties and/or fines), and expenses (including attorney and expert witness fees), arising from or connected with Business Associate's acts and/or omissions arising from and/or relating to this Business Associate Agreement; Business Associate's obligations under this provision extend to compliance and/or enforcement actions and/or activities, whether formal or informal, of Secretary of the federal Department of Health and Human Services and/or Office for Civil Rights.

### **3.0 OBLIGATION OF COVERED ENTITY**

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

### **4.0 TERM AND TERMINATION**

- 4.1 Term. The term of this Business Associate Agreement shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.

- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon either party's knowledge of a material breach by the other party, the party with knowledge of the other party's breach shall:

- (a) Provide an opportunity for the breaching party to cure the breach or end the violation and terminate this Agreement if the breaching party does not cure the breach or end the violation within the time specified by the non-breaching party;
- (b) Immediately terminate this Agreement if a party has breached a material term of this Agreement and cure is not possible; or
- (c) If neither termination nor cure is feasible, report the violation to the Secretary of the federal Department of Health and Human Services.

- 4.3 Disposition of Protected Health Information Upon Termination or Expiration.

- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions

that make infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Business Associate Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

## **5.0 MISCELLANEOUS**

- 5.1 No Third Party Beneficiaries. Nothing in this Business Associate Agreement shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Business Associate Agreement.
- 5.3 Relationship to Services Agreement Provisions. In the event that a provision of this Business Associate Agreement is contrary to another provision of this Agreement, the provision of this Business Associate Agreement shall control. Otherwise, this Business Associate Agreement shall be construed under, and in accordance with, the terms of this Agreement.
- 5.4 Regulatory References. A reference in this Business Associate Agreement to a section in the Privacy and/or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Business Associate Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Business Associate Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations and other privacy laws governing Protected Health Information

**AMENDMENT NUMBER TWO  
TO CONTRACT NO. 75490  
FOR THE PROVISION OF  
DELINQUENT ACCOUNT COLLECTION SERVICES  
FOR THE  
TREASURER AND TAX COLLECTOR  
BETWEEN THE  
COUNTY OF LOS ANGELES  
AND  
LINEBARGER GOGGAN BLAIR & SAMPSON, LLC**

This Amendment Number Two (hereinafter "Amendment No. 2") to the Contract (as defined below) is entered into by and between the County of Los Angeles (hereafter "County") and Linebarger Goggan Blair & Sampson, LLC (hereafter "Contractor"), and is effective as of the Amendment No. 2 Effective Date (as defined below) based on the following recitals:

**WHEREAS**, County and Contractor have entered into that certain Contract No. 75490, dated as of December 20, 2005 (together with all Exhibits, Schedules and Attachments thereto, all as amended from time to time, hereinafter "Contract"), for Delinquent Account Collection Services (hereinafter "DAC") for the benefit of County and, more specifically, the County of Los Angeles Treasurer and Tax Collector (hereinafter "TTC"). Initial capitalized terms used in this Amendment No. 2 without definition have the meanings given to such terms in the Contract; and

**WHEREAS**, County and Contractor entered into Amendment No. 1 to the Contract dated as of February 10, 2009 to add tertiary collection services; and

**WHEREAS**, Contractor and County desire to amend the Contract to extend the current term of the Contract for continued delinquent account collection services and to reflect additional changes described herein; and

**WHEREAS**, the term of the Contract shall expire June 19, 2011, and County requires additional time to coordinate the contract expiration dates for this TTC Contract with that of the corresponding Department of Health Services (DHS) collection services Agreement, No. H-703023 through December 31, 2011; and

**WHEREAS**, the Board of Supervisors of the County of Los Angeles has delegated authority to the Treasurer and Tax Collector to execute Amendment No. 2, which has been approved as to form by County Counsel.

**NOW, THEREFORE**, in consideration of the foregoing recitals, all of which are incorporated, as part of this Amendment No. 2, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Contractor hereby agree as follows:

## **Exhibit II**

1. Amendment No. 2 Effective Date: The Amendment No. 2 shall be effective as of June 20, 2011 through no later than December 31, 2011, and has been executed by an authorized officer of Contractor and has been approved by TTC.
2. Paragraph 5.16 (Compromises) of the body of the Statement of Work shall be deleted in its entirety and replaced with the attached new Paragraph 5.16 as follows:

### **5.16 Compromises**

The Contractor may be authorized to negotiate compromise settlements pursuant to policies and procedures for delinquent accounts.

3. Paragraph 4.0 (Term of Contract) of the body of the Contract is amended by adding Subparagraph 4.4 as follows:

### **4.0 TERM OF CONTRACT**

4.4 The term of the Contract extension shall be effective as of June 20, 2011 and through no later than December 31, 2011.

4. Paragraph 9.5 (Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program) shall be added to the body of the Contract as follows:

### **9.5 CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles County Code Chapter 2.206 (attached as Exhibit M).

5. Paragraph 9.6 (Termination for Breach of Warranty to Maintain Compliance with County's Defaulted Property Tax Reduction Program) shall be added to the body of the Contract as follows:

### **9.6 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM**



## Exhibit II

Failure of Contractor to maintain compliance with the requirements set forth in Paragraph 9.5 – Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program shall constitute default under this contract. Without limiting the rights and remedies available to County under any other provision of this contract, failure of Contractor to cure such default within 10 days of notice shall be grounds upon which County may terminate this contract and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206.

6. Exhibit M, identified below and attached hereto, shall be added to the Contract.
  - Defaulted Property Tax Reduction Program Ordinance, Exhibit M.
7. Except as expressly provided in this Amendment No. 2, all other terms and conditions of the Contract shall remain the same and in full force and effect.
8. Contractor and the persons executing this Amendment No. 2 on behalf of Contractor hereby represent and warrant that the person executing this Amendment No. 2 for Contractor is an authorized agent who has the actual authority to bind the Contractor to each and every item, condition, and obligation of the Contract and that all requirements of Contractor have been fulfilled to provide such actual authority.

*/*

**Exhibit II**

**IN WITNESS WHEREOF**, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the Treasurer and Tax Collector, and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officers, this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

**COUNTY OF LOS ANGELES**

By \_\_\_\_\_  
Treasurer and Tax Collector

**CONTRACTOR**  
Linebarger Goggan Blair & Sampson, LLC

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

APPROVED AS TO FORM:

Andrea Sheridan Ordin  
County Counsel

By \_\_\_\_\_  
Deputy County Counsel

**Chapter 2.206 DEFAULTED PROPERTY TAX REDUCTION PROGRAM**

- [2.206.010 Findings and declarations.](#)
- [2.206.020 Definitions.](#)
- [2.206.030 Applicability.](#)
- [2.206.040 Required solicitation and contract language.](#)
- [2.206.050 Administration and compliance certification.](#)
- [2.206.060 Exclusions/Exemptions.](#)
- [2.206.070 Enforcement and remedies.](#)
- [2.206.080 Severability.](#)

**2.206.010 Findings and declarations.**

The Board of Supervisors finds that significant revenues are lost each year as a result of taxpayers who fail to pay their tax obligations on time. The delinquencies impose an economic burden upon the County and its taxpayers. Therefore, the Board of Supervisors establishes the goal of ensuring that individuals and businesses that benefit financially from contracts with the County fulfill their property tax obligation. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.020 Definitions.**

The following definitions shall be applicable to this chapter:

- A. "Contractor" shall mean any person, firm, corporation, partnership, or combination thereof, which submits a bid or proposal or enters into a contract or agreement with the County.
- B. "County" shall mean the county of Los Angeles or any public entities for which the Board of Supervisors is the governing body.
- C. "County Property Taxes" shall mean any property tax obligation on the County's secured or unsecured roll; except for tax obligations on the secured roll with respect to property held by a Contractor in a trust or fiduciary capacity or otherwise not beneficially owned by the Contractor.
- D. "Department" shall mean the County department, entity, or organization responsible for the solicitation and/or administration of the contract.
- E. "Default" shall mean any property tax obligation on the secured roll that has been deemed defaulted by operation of law pursuant to California Revenue and Taxation Code section 3436; or any property tax obligation on the unsecured roll that remains unpaid on the applicable delinquency date pursuant to California Revenue and Taxation Code section 2922; except for any property tax obligation dispute pending before the Assessment Appeals Board.
- F. "Solicitation" shall mean the County's process to obtain bids or proposals for goods and services.
- G. "Treasurer-Tax Collector" shall mean the Treasurer and Tax Collector of the County of Los Angeles. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.030 Applicability.**

This chapter shall apply to all solicitations issued 60 days after the effective date of the ordinance codified in this chapter. This chapter shall also apply to all new, renewed, extended, and/or amended contracts entered into 60 days after the effective date of the ordinance codified in this chapter. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.040 Required solicitation and contract language.**

All solicitations and all new, renewed, extended, and/or amended contracts shall contain language which:

- A. Requires any Contractor to keep County Property Taxes out of Default status at all times during the term of an awarded contract;
- B. Provides that the failure of the Contractor to comply with the provisions in this chapter may prevent the Contractor from being awarded a new contract; and
- C. Provides that the failure of the Contractor to comply with the provisions in this chapter may constitute a material breach of an existing contract, and failure to cure the breach within 10 days of notice by the County by paying the outstanding County Property Tax or making payments in a manner agreed to and approved by the Treasurer-Tax Collector, may subject the contract to suspension and/or termination. (Ord. No. 2009-0026 § 1 (part), 2009.)

**2.206.050 Administration and compliance certification.**

- A. The Treasurer-Tax Collector shall be responsible for the administration of this chapter. The Treasurer-Tax Collector shall, with the assistance of the Chief Executive Officer, Director of Internal Services, and County

## **EXHIBIT M**

Counsel, issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other departments.

B. Contractor shall be required to certify, at the time of submitting any bid or proposal to the County, or entering into any new contract, or renewal, extension or amendment of an existing contract with the County, that it is in compliance with this chapter is not in Default on any County Property Taxes or is current in payments due under any approved payment arrangement. (Ord. No. 2009-0026 § 1 (part), 2009.)

### **2.206.060 Exclusions/Exemptions.**

A. This chapter shall not apply to the following contracts:

1. Chief Executive Office delegated authority agreements under \$50,000;
2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor;
3. A purchase made through a state or federal contract;
4. A contract where state or federal monies are used to fund service related programs, including but not limited to voucher programs, foster care, or other social programs that provide immediate direct assistance;
5. Purchase orders under a master agreement, where the Contractor was certified at the time the master agreement was entered into and at any subsequent renewal, extension and/or amendment to the master agreement.
6. Purchase orders issued by Internal Services Department under \$100,000 that is not the result of a competitive bidding process.
7. Program agreements that utilize Board of Supervisors' discretionary funds;
8. National contracts established for the purchase of equipment and supplies for and by the National Association of Counties, U.S. Communities Government Purchasing Alliance, or any similar related group purchasing organization;
9. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles Purchasing Policy and Procedures Manual, section P-3700 or a successor provision;
10. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, section 4.6.0 or a successor provision;
11. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section P-2810 or a successor provision;
12. A non-agreement purchase worth a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, section A-0300 or a successor provision; or
13. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual section P-0900 or a successor provision;
14. Other contracts for mission critical goods and/or services where the Board of Supervisors determines that an exemption is justified.

B. Other laws. This chapter shall not be interpreted or applied to any Contractor in a manner inconsistent with the laws of the United States or California. (Ord. No. 2009-0026 § 1 (part), 2009.)

### **2.206.070 Enforcement and remedies.**

A. The information furnished by each Contractor certifying that it is in compliance with this chapter shall be under penalty of perjury.

B. No Contractor shall willfully and knowingly make a false statement certifying compliance with this chapter for the purpose of obtaining or retaining a County contract.

C. For Contractor's violation of any provision of this chapter, the County department head responsible for administering the contract may do one or more of the following:

1. Recommend to the Board of Supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor; and/or,
3. Recommend to the Board of Supervisors that an exemption is justified pursuant to Section 2.206.060.A.14 of this chapter or payment deferral as provided pursuant to the California Revenue and Taxation Code. (Ord. No. 2009-0026 § 1 (part), 2009.)

### **2.206.080 Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. No. 2009-0026 § 1 (part), 2009.)